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SENIOR INTERDEPARTMENTAL GROUP - INTERNATIONAL ECONOMIC POLICY

September 23, 1983  
3:00 p.m.  
Indian Treaty Room

Attendees:

Treasury

Secretary Regan (Chairman)  
Marc Leland

OMB

Joseph Wright  
Alton Keel

Office of the Vice President  
G. Philip Hughes

CIA

Maurice Ernst

State

W. Allen Wallis  
Richard McCormack  
Robert Morris

USTR

Michael Smith  
John Ray

Defense

Richard Perle  
Stephen Bryen

CEA

Martin Feldstein  
Jeffrey Frankel

Agriculture

Secretary Block  
Daniel Amstutz

OPD

John A. Svahn  
Roger Porter

Commerce

Secretary Baldrige  
Lionel H. Olmer  
Michael Zacharia

NSC

Roger Robinson  
Richard Levine

East-West Economic Relations

The Chairman led off by asking State to report on the work program that has been initiated to implement NSDD-66. State said that good faith efforts have been made in the COCOM, IEA, NATO and OECD fora to recognize the strategic implications of East-West trade and to take appropriate measures.

Export Administration Act

Commerce was asked to review the status of the Export Administration Act. Although Senator Murkowski has placed a temporary hold on EAA pending possible hearings on Alaskan oil exports, it was not felt that the EAA would be permitted to expire on September 30.

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Commerce presented a number of EAA issues to the SIG, noting that because Congress might not accept certain Administration EAA provisions, there was a need to consider possible fallback positions.

Contract Sanctity

Most agencies felt that the House bill language was preferable to the other alternatives, although some preferred to hold closer to the Administration bill.

Extraterritoriality

There was a consensus that the Administration should oppose any reduction in Presidential authority. As a possible fallback position, some favored a modification to the House bill which would permit extraterritorial controls but require the President to first try to negotiate with foreign countries. (CEA questioned the desirability of law that would force the President to negotiate.)

Congressional Consultations

Prior Congressional consultation was not regarded as a major issue. There was a wide range of opinion on whether, and how strongly, such provision should be resisted.

National Security Controls

The SIG regarded the House language as unacceptable. The President must retain the right to exercise unilateral controls.

Foreign Availability

There was substantial opposition to any shifting of the burden of proof on foreign availability. Some agencies could accept the Senate provision for decontrol within six month, but others favored a 12 month limit and Defense opposed the Senate provision. As a fallback, many agencies could accept a shift in the burden of establishing foreign availability from the exporter to the Administration, but only where the exporter's claim included "clear and convincing evidence."

COCOM Trade

Even in West-West trade, a paper trail of licenses was deemed useful. While a change in the current law is not desired, the SIG agreed that a means should be sought to minimize burdens on free world trade short of removing the requirement for licenses.

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Agriculture

Agricultural exports are now protected for a period of 270 days. Commerce noted that the business community in general would feel "left out" if agricultural business was excluded from any export controls. There are other laws that adequately protect agricultural trade aside from the EAA. Most agencies felt that further limitations on Presidential authority in this sphere would be intrusive, although State and Agriculture were willing to accept the limits contained in alternative Senate and House versions.

The Chairman noted that because there was no clear consensus on most issues, they might have to be brought to the President for decision. He asked that the NSC staff work with OMB and other involved agencies to develop the decision paper.

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